

Message Text

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PAGE 01 LIMA 04816 022237Z
ACTION ARA-14

INFO OCT-01 ISO-00 SP-02 ICA-11 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 DOE-15 SOE-02
AGRE-00 CIAE-00 COME-00 FRB-03 INR-10 NSAE-00
XMB-02 OPIC-03 LAB-04 SIL-01 PA-01 H-01 L-03
/115 W

-----059618 022315Z /70

P 022154Z JUN 78
FM AMEMBASSY LIMA
TO SECSTATE WASHDC PRIORITY 298

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E.O. 11652: N/A
TAGS: EFIN, PE
SUBJECT: PERU'S FINANCIAL CRISIS: CENTRAL BANK SWAPS ANNOUNCED:
EXCHANGE RATE, CD RATES MOVE

REF: LIMA 4742

1. CENTRAL BANK SWAPS REPORTED REFTEL WERE PUBLICLY ANNOUNCED BY NEW MINISTER OF ECONOMY AND FINANCE JAVIER SILVA RUETE DURING COURSE TELEVISED MEETING WITH PRESS JUNE 1. SILVA CONFIRMED THAT GOP CENTRAL BANK HAD RECENTLY COMPLETED A SERIES OF SUCCESSFUL NEGOTIATIONS FOR SWAPS TOTALLING DOLS85 MILLION FROM FIVE CENTRAL BANKS -- DOLS25 MILLION FROM VENEZUELA, AND DOLS 15 MILLION EACH FROM BRAZIL, SPAIN, MEXICO, AND ARGENTINA. HE CLAIMS THAT THIS, PLUS ROLLOVER NOW IN FINAL STAGES OF NEGOTIATION WITH INTERNATIONAL BANKS, WILL ASSURE PERU'S FOREIGN EXCHANGE LIQUIDITY FOR THE BALANCE OF 1978, AND WILL LAY A SOUND FRAMEWORK FOR AN EARLY RESCHEDULING OF PERU'S PUBLIC SECTOR DEBT SO AS TO ACCELERATE PERU'S RETURN TO A STATE OF REAL ECONOMIC GROWTH.

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2. MEANWHILE PERU'S OFFICIAL EXCHANGE RATE IS SHOWING THE EFFECTS OF CENTRAL BANK PRESIDENT MANUEL MOREYRA'S DECISION TO ADOPT A MINI-DEVALUATION POLICY FOR THE ORDERLY MOVEMENT OF THE RATE. SELLING RATE HAS MOVED FROM 147/\$ ON MAY 15 TO 151/\$ ON JUNE 2. PERHAPS MORE SIGNIFICANT, THE CERTIFICATE OF DEPOSIT (CD) RATE HAS DROPPED STEADILY

IN RECENT DAYS, E.G. EMBASSY PURCHASED CD ON MAY 11 AT
216/\$ RATE, BUT ON MAY 30 RATE HAD FALLEN TO 201/\$.
BANKER TODAY (JUNE 2) INFORMED US THAT CD'S NOW BEING
NEGOTIATED IN 195/\$ RANGE.

DECON 6/2/79.
SHLAUDEMAM

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL CRISIS, CENTRAL BANK, FOREIGN EXCHANGE RATES, CURRENCY SWAPS, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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TAGS: EFIN, PE
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